

MT LEGISLATIVE HISTORY

Chapter 532 19 77Bill H. ⁵⁴⁵~~532~~ S. _____Original bill & hist. CH. Committee on TaxS. Committee on TaxHearing Date(s) 2-89 CHearing Date(s) 3-18 C2-10 C3-22 C C C C CDate Out 2-23 C3-22 CDid this bill originate in an interim committee? Yes NoCommittee Report

TAXATION COMMITTEE
45TH Legislature

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
HB 595	Authorizing means of financing costs of urban renewal projects thru issuance of bonds & segregation & application of tax increment; amending...repealing...	1/29 Ret'd to Comte - 2/14	Fagg	2/8	DO PASS AS AMENDED DO PASS	2/10 2/23
HB 599	To allow an investment credit against individual income tax; providing effective date.	1/29	Lien	2/8	AS AMENDED DO PASS	2/22
HB 603	To tax alcoholic beverages to fund state & local responsibilities under the alcoholism treatment & rehabilitation laws; amend...	1/29	Fabrega	2/4	Dead on passage of HB 627 - 3/11	
HB 606	Defining all-terrain vehicle, requiring registration; providing annual use permit; establishing operation & safety requirements.	1/29	Waldron	2/8	TABLED 2/9	
HB 610	or To provide for/change fees etc. for dept. of professional & occupational licensing; define reciprocity eligibility; provide no fee for licensed massage therapists...	1/29	Manuel (by request dept. of licensing)	None	Referred to another committee	2/1
HB 613	Appropriate \$250,000 from general fund for Mont. tax reform commission; creating such a commission & directing study of all aspects of Montana taxation policy.	1/29	Halvorson	2/3	DO NOT PASS	2/10

H BILL NO. 595

INTRODUCED BY

FACER Ramiro, Pota Menahan
Hoye George Williams Hummer

A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO URBAN RENEWAL PROJECTS AND AUTHORIZING MEANS OF FINANCING COSTS THEREOF THROUGH ISSUANCE OF BONDS AND SEGREGATION AND APPLICATION OF TAX INCREMENT; AMENDING SECTIONS 79-3910 AND 79-3921, R.C.M. 1947; REPEALING SECTIONS 79-3922, 79-3923, 79-3924, AND 79-3925, R.C.M. 1947; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 11-3910, R.C.M. 1947, is amended to read as follows:

"11-3910. Issuance of bonds. (a) A municipality shall have the power to issue bonds from time to time in its discretion to finance the undertaking of any urban renewal project under this act, including, without limiting the generality thereof, the payment of principal and interest upon any advances for surveys and plans for urban renewal projects, and shall also have power to issue refunding bonds for the payment or retirement of such bonds previously issued by it. Such bonds shall not pledge the general credit of the municipality and shall be made payable, as to both principal and interest, solely from the income, proceeds,

revenues, and funds of the municipality derived from, or held in connection with, its undertaking and carrying out of urban renewal projects under this act, including the tax increments received and pledged by the municipality pursuant to 11-3921; provided, however, that payment of such bonds, both as to principal and interest, may be further secured by a pledge of any loan, grant, or contribution from the federal government or other source, in aid of any urban renewal projects of the municipality under this act.

(b) Bonds issued under this section shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and shall be subject only to the provisions of the Uniform Commercial Code and the limitations of this chapter. Bonds issued under the provisions of this act are declared to be issued for an essential public and governmental purpose, and, together with interest thereon and income therefrom, shall be exempted from all taxes.

(c) Bonds issued under this section shall be authorized by resolution or ordinance of the local governing body and may be issued in one or more series and shall bear such date or dates, be payable upon demand or mature at such time or times, bear interest at such rate or rates not exceeding 9% a year, be in such denomination or denominations, be in such form either coupon or registered,

INTRODUCED BILL

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HB 595

1 carry such conversion or registration privileges, have such
2 rank or priority, be executed in such manner, be payable in
3 such medium of payment, at such place or places, and be
4 subject to such terms of redemption (with or without
5 premium), be secured in such manner, and have such other
6 characteristics, as may be provided by such resolution or
7 trust indenture or mortgage issued pursuant thereto.

8 (d) Such bonds may be sold at not less than
9 ninety-eight per cent (98%) of par at public or private
10 sale, or may be exchanged for other bonds on the basis of
11 par: Provided, that such bonds may be sold to the federal
12 government at private sale at not less than par and, in the
13 event less than all of the authorized principal amount of
14 such bonds is sold to the federal government, the balance
15 may be sold at public or private sale at not less than
16 ninety-eight per cent (98%) of par at an interest cost to
17 the municipality of not to exceed the interest cost to the
18 municipality of the portion of the bonds sold to the federal
19 government.

20 (e) In case any of the public officials of the
21 municipality whose signatures appear on any bonds or coupons
22 issued under this act shall cease to be such officials
23 before the delivery of such bonds, such signatures shall,
24 nevertheless, be valid and sufficient for all purposes, the
25 same as if such officials had remained in office until such

1 delivery. Any provision of any law to the contrary
2 notwithstanding, any bonds issued pursuant to this act shall
3 be fully negotiable.

4 (f) In any suit, action, or proceeding involving the
5 validity or enforceability of any bond issued under this act
6 or the security therefor, any such bond reciting in
7 substance that it has been issued by the municipality in
8 connection with an urban renewal project, as herein defined,
9 shall be conclusively deemed to have been issued for such
10 purpose and such project shall be conclusively deemed to
11 have been planned, located, and carried out in accordance
12 with the provisions of this act.

13 (g) Bonds issued hereunder for which tax increments
14 are pledged pursuant to 11-3921 shall mature not later than
15 25 years from their date of issue and shall mature in such
16 years and amounts that the principal and interest due on the
17 bonds in each year does not exceed the tax increments and
18 other revenues, including proceeds of the bonds available
19 for payment of interest thereon, pledged to their payment to
20 be received in such year as estimated by the governing body
21 in the resolution authorizing the bonds. In calculating the
22 cost under 11-3921(5) for which the bonds are issued, the
23 municipality may include an amount sufficient to pay
24 interest on the bonds prior to receipt of tax increments
25 pledged and sufficient for the payment thereof."

Section 2. Section 11-3921, R.C.M. 1947, is amended to read as follows:

"11-3921. ~~Allocation of taxes~~ Tax increment financing.

(1) Any urban renewal plan, as defined in section 11-3901, may contain a provision or be amended to contain a provision ~~providing that taxes levied on taxable property in an urban renewal area each year by or for the benefit of the state, any city, county, or other political subdivisions for which taxes are levied, (hereafter referred to as taxing bodies) shall be allocated, after the effective date of such provision as provided in subsections (3) and (4) of this section for the segregation and application of tax increments, as provided in this section.~~

(2) ~~For the purposes of this section, (a) "prior assessed value" means the assessed value of the taxable property in the urban renewal area as shown on the assessment roll last equalized prior to the effective date of the urban renewal plan; notwithstanding the provisions of this act, any increase resulting from a comprehensive revaluation of all property within the county may be applied to the property for the purpose of determining the "prior assessed value";~~

(b) ~~the word "taxes" includes, but is not limited to, all levies on an ad valorem basis upon land or real property;~~

(3) ~~The portion of taxes produced by levies for a taxing body upon the total sum of the prior assessed value of the taxable property in the urban renewal area shall be allocated and paid into the funds of the taxing body like taxes paid by or for the taxing body on all other property. For the purpose of allocating taxes levied by a taxing body that did not include the urban renewal area on the effective date of the provision allocating the taxes but to which the urban renewal area has since been annexed or otherwise included, the assessment roll of the county last equalized prior to the effective date of the provision shall be used in determining the prior assessed values.~~

(4) ~~The portion of taxes levied by such taxing body each year in excess of the amount levied under subsection (3) shall be paid by the county treasurer into a special fund held by the city treasurer to pay the principal and interest on bonds issued under authority of section 11-3916, except that taxes for the payment of all bonds and interest of each taxing body must be levied against all taxable property within the taxing body without limitation by the provisions of this subsection. Until the actual assessed valuation of all property in the urban renewal area exceeds the prior assessed value of all taxable property within such area, the actual assessed value of all property shall be used for taxation purposes.~~

~~(5) The portion of taxes allocated in subsection (4) above and the special fund into which they are paid may be pledged by a municipality for the payment of the principal and interest on bonds issued under the authority of section 11-3910 or bonded indebtedness incurred by a municipality to refinance in whole or in part the urban renewal projects prior to the sale of any bonds; there shall be (a) an election under sections 11-2388 and 11-2389 approving such sale or (b) a petition for the sale signed by the owners of record of at least fifty-one percent (51%) of the land within the urban renewal district.~~

~~(6) After all bonds and interest have been paid, all monies received from taxes upon property within the urban renewal area shall be allocated as taxes on all other property.~~

(2) For purposes of this section the following definitions apply unless otherwise provided or indicated by the context:

(a) "Original taxable value" means the taxable value of all taxable property within an urban renewal area as calculated from the assessment roll last equalized prior to the effective date of a tax increment financing provision.

(b) "Actual taxable value" means the taxable value of all taxable property within an urban renewal area as calculated from the assessment roll last equalized.

(c) "Incremental taxable value" means the amount, if any, by which the actual taxable value exceeds the original taxable value of all taxable property within an urban renewal area.

(d) "Tax increment" means the collections realized from extending the tax levies, expressed in mills, of all taxing bodies in which the urban renewal area or a part thereof is located against the incremental taxable value.

(e) "Taxes" mean all taxes levied by a taxing body against property on an ad valorem basis.

(f) "Taxing body" means any city, town, county, or other political subdivision or governmental unit of the state which levies taxes against property within the urban renewal area.

(3) The clerk of the municipality shall file a certified copy of the urban renewal plan or amendment thereto setting forth the provision for the segregation and application of tax increments with the state, county or city officers responsible for assessing and determining the taxable value of taxable property of taxing bodies within which the urban renewal area or a part thereof is located. A certified copy of the plan or amendment shall also be filed with the clerk of all the affected taxing bodies. The officer or officers responsible for assessing and determining the taxable value of the taxable property

located within the urban renewal area shall, immediately upon receipt of the provision for the segregation and application of tax increments, calculate and certify to each affected taxing body the original taxable value of such property. Each year thereafter the officers shall calculate and certify to the affected taxing bodies the actual taxable value and the incremental taxable value of the taxable property located within the urban renewal area.

(4) Mill rates of taxing bodies for taxes levied after the effective date of the provision for the segregation and application of tax increments shall be calculated on the basis of the sum of the taxable value, as shown by the last equalized assessment roll, of all taxable property located outside the urban renewal area and the original taxable value of all taxable property located within the urban renewal area. The mill rate so determined shall be extended against the sum of the taxable value, as shown by the last equalized assessment roll, of all taxable property located outside the urban renewal area and the actual taxable value of all taxable property located within the urban renewal area. The tax increment, if any, received in each year from the extension of the combined mill rates of all the affected taxing bodies against the incremental taxable value shall be paid to the municipality and used as provided in this section. The balance of the taxes collected in each year

shall be paid to each of the taxing bodies as otherwise provided by law.

(5) The tax increments may be used by the municipality to pay costs of land acquisition; demolition and removal of structures; relocation of occupants; and the acquisition, construction, and improvement of streets, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and ramps, sewers, waterlines, waterways, public buildings, and other public improvements authorized by Title 11, chapter 22 or may be pledged to the payment of the principal and interest on bonds which the municipality may issue for such purposes pursuant to 11-3910. The municipality may also enter into agreements with the other affected taxing bodies to remit to such taxing bodies that portion of the annual tax increment not currently required for the payment of such costs or pledged to the payment of the principal and interest on such bonds.

(6) At the time of adoption of a provision for the segregation and application of tax increments or at any time subsequent thereto, the governing body of the municipality may provide that only a portion of the incremental taxable value may be segregated as provided in subsections (3) and (4) of this section. The portion so determined shall be certified by the clerk to the officers and taxing bodies to which the provision for segregation and application of tax

increments is certified. Thereafter, in determining the mill rates of affected taxing bodies, the taxable values against which the mill rates are extended, and the tax increment to be paid to the municipality, the original taxable value shall be increased and the incremental taxable value shall be decreased.

(7) The provision for segregation and application of tax increments within an urban renewal area shall terminate upon the 10th year following its adoption or upon the payment in full or discharge of all bonds and the interest thereon for which the tax increment has been pledged, whichever last occurs. Unless otherwise provided by agreement with other taxing bodies, any tax increments remaining after termination of the provision for segregation and application of tax increments shall be available for general purposes of the municipality."

Section 3. Effective date and transition. This act is effective on its passage and approval. Any municipality which adopted a provision for the allocation of taxes under 11-3921 prior to the effective date of this act may implement and carry out such provision under this act.

Section 4. Repealer. Sections 11-3922, 11-3923, 11-3924, and 11-3925, R.C.M. 1947, are repealed.

-End-

TAXATION COMMITTEE
45TH LEGISLATURE

The Taxation Committee was called to order by Chairman Rep. Herb Huennekens at 8:00 a.m., February 9, 1977, in room #434, Capitol Building, Helena. All members were present except Rep. Edward Lien who was excused. Bills to be heard were HB 606, 635, 655, and 595.

Rep. Harrison Fagg, District #63, Yellowstone County, chief sponsor of HB 595, said the purpose of HB 595 is to stimulate and build new structures in a segment of a city, forming a tax increment area. The existing tax base goes county-wide. Any new taxes in the area would go strictly to the given area that had been demolished and repaired. This bill had passed through the House and Senate and signed by the Governor, but bonding companies did not like it.

HOUSE BILL

595

This bill provides for the financing of urban renewal projects through the issuance of bonds and the segregation of tax increments, calculated by the application of the tax levies of the taxing jurisdictions in which the urban renewal area is located against the difference between the actual taxable value of the area and its original taxable value. The bill has an immediate effective date.

Dan Mizner, Montana LC&T Executive Director, said bonding companies went over this bill. Billings started to use the language in the law and could not sell bonds under it, and so the bonding companies were asked to draft amendments to the law and explain where it had to be corrected to make it feasible to sell bonds. The additional taxes would go to pay off the bonds creating the new improvements.

Lawrence Gallagher, City of Helena, Executive Director of the Urban Renewal Project in Helena, said because of over 17 projects in Helena, the tax base was increased 817% generating \$13 million and would have been paid off in 13 years. Urban renewal monies helped, but this proposed tax increment process is needed to do further renewal work. The city gets involved by having land whereby the local government and private individuals can work together.

Rod Wilson, Billings Chamber of Commerce, supports HB 595, saying they are looking very closely at using this tax increment in Billings. 1,000 members met and went through the program and got wholehearted support for the whole program. The need to improve downtown is necessary to outlying areas. High-lines are a hazard in Billings and they want to use money for burying the lines.

There were no opponents.

Rep. Williams mentioned at least one bonding company will buy such bonds now. New property goes on the tax rolls at full value. New taxes go into core areas only. Revenue bonds can be sold to build buildings, but they cannot be sold to buy land. Surplus taxes over the need for bond repayment would go to the general fund.

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Earl Moritz, Highway Users, Lewistown, wants the local governing body to vote on whether the tax should be imposed. He is opposed to HB 712.

Rep. Fagg closed saying this would be a mere pittance for what it could stimulate.

The committee recessed to an executive session.

HOUSE BILL 706 - Rep. Sivertsen moved that HB 706 DO PASS. Rep. Fagg moved to replace all motions pending that HB 706 BE TABLED. This motion carried unanimously.

HOUSE BILL 70 - Rep. Dassinger made a motion to recommend HB 70 DO PASS. He further made a motion that the amendments to HB 70 as proposed be adopted. This motion was adopted unanimously. The committee wanted a reading copy of HB 70 with the proposed amendments incorporated, so no vote was taken on the motion of recommendation Do Pass.

HOUSE BILL 655 - Rep. Bertelsen moved to recommend HB 655 DO NOT PASS. Motion carried 13-1, with Rep. Dassinger voting No.

HOUSE BILL 635 - Rep. Fagg moved to recommend HB 635 DO PASS. Motion carried unanimously.

HOUSE BILL 595 - Rep. Fagg moved to recommend that HB 595 DO PASS. Motion carried unanimously.

HOUSE BILL 591 - Rep. Fabrega moved to recommend HB 591 DO PASS. Rep. Fabrega moved proposed amendments be adopted. Motion carried. Original motion was changed to HB 591 AS AMENDED DO PASS. Motion carried.

HOUSE BILL 531 - Rep. Lien moved to recommend that HB 531 DO PASS. Motion carried 9-8. There was a great deal of discussion on funding of this bill.

HOUSE BILL 389 - Rep. Fabrega moved HB 389 DO PASS. He further moved that proposed amendments be adopted. Motion to adopt carried unanimously. The original motion now read HB 389 AS AMENDED DO PASS. Motion carried with Rep. Uhde voting No.

HOUSE BILL 613 - Rep. Underdal moved to recommend HB 613 DO NOT PASS. Motion carried 13-1 with Rep. Williams voting No. Rep. Williams thinks someone should be working continuously on taxation problems.

HOUSE BILL 362 - Rep. Bertelsen moved to recommend HB 362 DO NOT PASS. Motion carried 11-3 with Reps. Vincent, Waldron, Uhde voting No.

HOUSE BILL 637 - Rep. Lien moved to recommend HB 637 DO PASS. Rep. O'Keefe moved an amendment be made allowing a deduction equal to 2% of the first 6¢ per gallon of the taxes paid by the dealer. Department of Highways estimates a rebate of \$120,000 to \$155,000. Rep. Williams moved action on HB 637 be deferred. This motion was approved.

Further information from questions was that mutual corporations have no shares and are able to pay a higher rate of interest to their members. Rates paid by banks and S&Ls are governed by federal regulations. If HB 817 as amended passes, this tax could be deducted from federal taxes. S&Ls are nonprofit corporations. After the tax is computed at the end of the year S&Ls have to pay tax on income after setting aside the amount required to cover their Bad Debt Reserve account which is for the purpose of protecting savings customers. The S&Ls would be willing to sit down and try to work something out if the state or county think they should get more money from them.

The committee recessed to an executive session.

HB 516 - Rep. Underdal moved to recommend HOUSE BILL 516 DO PASS. This motion was unanimously adopted.

Rep. Williams moved to recommend HB 735 and HB 817 be studied together and a subcommittee be appointed. This was approved.

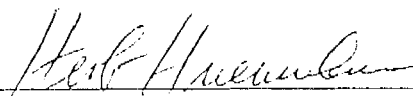
HOUSE BILL 595 - Rep. Fagg moved that HB 595 DO PASS. Rep. Fagg moved amendments proposed for HB 595 be adopted. This motion carried unanimously. The motion of Do Pass was changed to AS AMENDED DO PASS, and was unanimously adopted.

HOUSE BILL 755 - Rep. Bertelsen moved that HB 755 DO PASS. Motion was adopted by all members present.

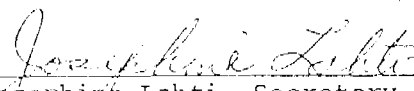
HOUSE BILL 434 - Rep. Williams moved that HB 434 DO PASS. Rep. Waldron moved lines 11, 12, 13, and 14 be deleted. Motion carried with Reps. Fagg and Williams voting No. The Do Pass recommendation was then changed to AS AMENDED DO PASS, which motion was adopted with 11 members voting Yes and Rep. Underdal voting No.

Amendments to above bills may be seen in Standing Committee Reports in Book #1.

Meeting adjourned at 11:00 a.m.



REP. HERB HUENNEKENS, CHAIRMAN



Josephine Lahti, Secretary

COMMITTEE ON TAXATION

HOUSE BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO NOT DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CON- CURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CON- CURRED IN DATE
552	3/10	3/28	4/5						4/5
553	3/10	3/21	3/22				3/22		
583	3/3	3/17	3/17					3/17	
584	2/17	3/24	3/24				3/24		
586	2/10	3/12	3/12				3/12		
591	2/18	3/10	3/10				3/10		
595	3/5	3/18	3/22					3/22	
599	3/10	3/28	4/1					4/1	
616	2/21	3/22	3/22						3/22
617	2/21	3/22	3/22					3/22	
630	4/5	4/1	4/15					4/15	
635	4/2	4/4 4/5	4/4 4/5	WITHOUT	RECOMMENDATION		4/5 (In 2/18-Transf. to F & Game)		
636	2/19	3/11	3/11				3/11		
637	3/5	3/19	3/19				3/19		
689	4/6	4/13	4/15					4/15	
701	4/6	4/12	4/12					4/12	

(Use Separate Sheet for Senate, House Bills, and Resolutions)

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 18, 1977

The forty-sixth meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building by Chairman Mathers at 8:10 a.m.

ROLL CALL: Roll call found Sens. Healy and Roskie absent, excused.

The following witnesses were present:

John Toole	Missoula Action
Ray Clark	City of Billings
Polly Prchal	Mont. League of Cities
Eddie Gallagher	City of Anaconda
Larry Gallagher	City of Helena
John C. Bulen	City of Great Falls
Lee K. Rodebaugh	"
Rod Wilson	Blgs. Cham. of Comm.
Dan. Mizner	Mont. League Cities & Towns
Ed Nelson	Mont. Taxpayers Assoc.
Stan Aby	Dain, Kalman & Quail

CONSIDERATION OF HOUSE BILL 595: Rep. Fagg introduced this bill and said it was the third time this issue has been heard but there were several minor problems in the tax increment program. He said there are several cities in the state that want to begin work under an urban renewal program and are awaiting clarification of the law which he said is hopefully corrected in HB595. Ms. Prchal said 90% of downtown business in Billings is owned by property owners in the town who favor the tax increment program and the city council has also called for this type financing. She said they favored the amendment to the bill that specified that bonds could not be issued for more than a 10-year period. Mr. Bulen said Great Falls had just become aware of the tax increment financing and their tax consultant indicated to them that the amendments to the present law, as in HB595, would be necessary to finance their urban renewal program. Ed Gallagher said the city of Anaconda felt this type of financing would be of great benefit to the community. Larry Gallagher spoke next and said the process does work and the competition of private enterprise working with local governments does much to improve the city. He said Helena had depleted their funds at this time, but thought it important to give other cities some tool to make it possible for them to improve their cities under the renewal program.

Mr. Rodebaugh said this would serve also to bring jobs to the city as well, thereby increasing their tax base for another source of revenue. Mr. Toole said some city improvements are imminent for Missoula which made the passage of this bill absolutely essential for them. Mr. Mizner spoke also as a proponent and said they had been in on the forming of the background for the bill and

the amendments in this bill are necessary in order that the legislation passed several years ago be acceptable. Mr. Wilson said this is not just a downtown interest bill, but thought it had great benefit for all the people of the community. Mr. Nelson also stated his support of the bill. Mr. Clark said they had looked at other means of financing the downtown development and tax increment programs seem to be the answer. He said he believed it was in the public interest. Mr. Aby testified next and distributed Exh. #1, showing the codes as they are, those that would be amended under HB595. He said if this bill is approved by the Senate he would assure the cities they would be able to get their money for the renewal programs.

Rep. Fagg made a brief closing statement saying Billings is ready to sell bonds to begin their program, and he hoped the bill would go through the committee with as few amendments as possible.

Vice Chairman was in charge of the meeting at this point as the Chairman was testifying in the House. The Vice Chairman called for other proponents of the bill and there being none, opened the hearing to the opponents, however there were none present. Several of the committee members then asked questions of the witnesses and Rep. Fagg. Sen. Towe asked the reason for the bill and the amendments and Rep. Fagg said apparently the law as passed during last legislature was not clear and bonding companies were awaiting the clarification of the law before buying bonds for the planned programs. Ms. Prchal said it was thought necessary to include in the law that city councils would have to notify school districts about proposed renewal programs, and also they thought it imperative a limit be made on the issuance of the bonds so the projects did not go on forever. The discussion brought out the fact that Anaconda had increased their tax base by over 400%, thus increasing revenues to the city. Mr. Aby said the areas to be renewed could be compared to SID's.

The Vice Chairman asked for other questions from the committee and there being none at this time, closed hearing on HB595.

An informal discussion was then held by the committee on the bill, HB595, and the point was made that contrary to what many of those at the hearing believed, the bill does not specify a 10-year limit, but rather the council could continue issuing bonds for the downtown improvements. Sen. Turnage pointed out this wording in the bill, appearing on page 13, line 3. Bonds could instead be issued at will, and it was felt by the committee that the bill should be amended to limit the time that such bonds could be issued for the renewal programs, for the protection of the city's taxpayers.

There followed open discussion on the bill and the members agreed that though they would not oppose the bill, they nevertheless felt some amendments should be made to it and therefore decided to delay action on it.

They then took up HB73, previously heard. Several amendments were discussed and Sen. Towe moved the amendments as listed on the committee report. His motion was carried.

2-3/22

CONSIDERATION OF HOUSE BILLS 616 and 617: Rep. Fabrega said these were companion bills and discussed both. He said problems existed where land is purchased around cemeteries and held for expansion by the cemeteries; in some counties the county assessor was assessing such land. The land itself was not being utilized and in most cases was useless land and purchased to keep the area free of clutter and undesirable business expansion. He therefore felt that as long as the land was not being used for profit, it should be exempt from taxes until the time it is annexed into the non-profit cemetery associations.

Chairman Mathers called for other proponents or opponents and as there were none, permitted questions by the committee. They felt that the bill should be amended so the land could not be utilized in some other manner and still maintain its tax-exempt status. An amendment was proposed to clarify this, as well as one to change the acreage to conform to the size of a section.

On the committee's inspection of HB616 it was found it was in direct contradiction to HB617, therefore they agreed it should be killed and the amendments put in HB617. Rep. Fabrega, on reading the portion of HB616 that was at variance with the companion bill, agreed with the committee's decision.

DISPOSITION: Sen. Towe Moved HB617 Be Amended, as on committee report attached. Motion was carried unanimously.

Sen. Watt then Moved HB617 As Amended Be Concurred In. This motion carried unanimously.

Sen. Norman Moved HB616 Be Not Concurred In. Motion carried unanimously also.

Following disposition of these bills the committee directed their attention to HB595, previously heard. An amendment had been proposed by Sen. Turnage to limit the time such bonds could be issued and this amendment was moved.

Sen. Turnage Moved Adoption of Amend. #1; motion carried.

DISPOSITION: Sen. Towe then Moved HB595 As Amended, Be Concurred In. His motion carried.

Since so many of the committee were absent when the voting was done on HB324, they agreed to take it up again and further discuss the proposal, with a motion to reconsider the bill. They discussed the bill and a number of amendments were suggested. Sen. Watt had 3 amendments to try to assure corner lot owners of even, or average, distribution of the tax increase due to street improvements.

Sen. Watt Moved Adoption of his amendments. They were adopted, see roll call vote attached.

Sen. Goodover then made a Substitute Motion that HB324 Be Not Concurred In. A roll call vote was taken and the 3-6 vote indicated this motion failed.

Sen. Towe then asked if anyone had objection to holding the bill until they could obtain additional information on such assess-

STANDING COMMITTEE REPORT

March 22 1977

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 595

Respectfully report as follows: That HOUSE Bill No. 595,

third reading bill, be amended as follows:

1. Amend page 13, section 2, line 3.

Following: "BODIES."

Insert: "No bonds with tax increment provisions for the repayment thereof may be issued subsequent to 10 years after the effective date of this act."

AND AS SO AMENDED,

BE CONCURRED IN

~~EXCESS~~

(P.C.)

HOUSE BILL NO. 595

INTRODUCED BY FAGG, RAMIREZ, PORTER,

MENAHAH, HARPER, FABREGA, WILLIAMS, HUENNEKENS

A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO URBAN RENEWAL PROJECTS AND AUTHORIZING MEANS OF FINANCING COSTS THEREOF THROUGH ISSUANCE OF BONDS AND SEGREGATION AND APPLICATION OF TAX INCREMENT; AMENDING SECTIONS ~~79-3910 AND 79-3921, R.C.M. 1947; REPEALING SECTIONS 79-3922, 79-3923, 79-3924, AND 79-3925, R.C.M. 1947; AND PROVIDING AN 11-3910 AND 11-3921, R.C.M. 1947; REPEALING SECTIONS 11-3922, 11-3923, 11-3924, AND 11-3925, R.C.M. 1947; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.~~"

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 11-3910, R.C.M. 1947, is amended to read as follows:

"11-3910. Issuance of bonds. (a) A municipality shall have the power to issue bonds from time to time in its discretion to finance the undertaking of any urban renewal project under this act, including, without limiting the generality thereof, the payment of principal and interest upon any advances for surveys and plans for urban renewal projects, and shall also have power to issue refunding bonds for the payment or retirement of such bonds previously

issued by it. Such bonds shall not pledge the general credit of the municipality and shall be made payable, as to both principal and interest, solely from the income, proceeds, revenues, and funds of the municipality derived from, or held in connection with, its undertaking and carrying out of urban renewal projects under this act, including the tax increments INCREMENT received and pledged by the municipality pursuant to 11-3921; provided, however, that payment of such bonds, both as to principal and interest, may be further secured by a pledge of any loan, grant, or contribution from the federal government or other source, in aid of any urban renewal projects of the municipality under this act.

(b) Bonds issued under this section shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and shall be subject only to the provisions of the Uniform Commercial Code and the limitations of this chapter. Bonds issued under the provisions of this act are declared to be issued for an essential public and governmental purpose, and, together with interest thereon and income therefrom, shall be exempted from all taxes.

(c) Bonds issued under this section shall be authorized by resolution or ordinance of the local governing body and may be issued in one or more series and shall bear

REFERENCE BILL

1 such date or dates, be payable upon demand or mature at such
 2 time or times, bear interest at such rate or rates not
 3 exceeding 9% a year, be in such denomination or
 4 denominations, be in such form either coupon or registered,
 5 carry such conversion or registration privileges, have such
 6 rank or priority, be executed in such manner, be payable in
 7 such medium of payment, at such place or places, and be
 8 subject to such terms of redemption (with or without
 9 premium), be secured in such manner, and have such other
 10 characteristics, as may be provided by such resolutions,
 11 ORDINANCE, or trust indenture or mortgage issued AUTHORIZED
 12 pursuant thereto.

13 (d) Such bonds may be sold at not less than
 14 ninety-eight per cent (98%) of par at public or private
 15 sale, or may be exchanged for other bonds on the basis of
 16 par: Provided, that such bonds may be sold to the federal
 17 government at private sale at not less than par and, in the
 18 event less than all of the authorized principal amount of
 19 such bonds is sold to the federal government, the balance
 20 may be sold at public or private sale at not less than
 21 ninety-eight per cent (98%) of par at an interest cost to
 22 the municipality of not to exceed the interest cost to the
 23 municipality of the portion of the bonds sold to the federal
 24 government.

25 (e) In case any of the public officials of the

1 municipality whose signatures appear on any bonds or coupons
 2 issued under this act shall cease to be such officials
 3 before the delivery of such bonds, such signatures shall,
 4 nevertheless, be valid and sufficient for all purposes, the
 5 same as if such officials had remained in office until such
 6 delivery. Any provision of any law to the contrary
 7 notwithstanding, any bonds issued pursuant to this act shall
 8 be fully negotiable.

9 (f) In any suit, action, or proceeding involving the
 10 validity or enforceability of any bond issued under this act
 11 or the security therefor, any such bond reciting in
 12 substance that it has been issued by the municipality in
 13 connection with an urban renewal project, as herein defined,
 14 shall be conclusively deemed to have been issued for such
 15 purpose and such project shall be conclusively deemed to
 16 have been planned, located, and carried out in accordance
 17 with the provisions of this act.

18 (g) Bonds issued hereunder for which A tax increments
 19 INCREMENT are IS pledged pursuant to 11-3921 shall BE
 20 DESIGNED TO mature not later than 25 years from their date
 21 of issue and shall mature in such years and amounts that the
 22 principal and interest due on the bonds in each year does
 23 SHALL not exceed the ESTIMATED tax increments INCREMENT and
 24 other ESTIMATED revenues, including proceeds of the bonds
 25 available for payment of interest thereon, pledged to their

1 ~~payment to be received in such year, as estimated by the~~ THE
 2 ~~governing body in the resolution OR ORDINANCE authorizing~~
 3 ~~the bonds SHALL DETERMINE THE ESTIMATED TAX INCREMENT AND~~
 4 ~~OTHER REVENUES, IF ANY, FOR EACH YEAR THE BONDS ARE TO BE~~
 5 ~~OUTSTANDING. In calculating the cost under 11-3921(5) for~~
 6 ~~which the bonds are issued, the municipality may include an~~
 7 ~~amount sufficient to pay interest on the bonds prior to~~
 8 ~~receipt of tax increments INCREMENT pledged and sufficient~~
 9 ~~for the payment thereof, AND TO FUND ANY RESERVE FUND IN~~
 10 ~~RESPECT OF THE BONDS."~~

11 Section 2. Section 11-3921, R.C.M. 1947, is amended to
 12 read as follows:

13 "11-3921. ~~Allocation of taxes~~ Tax increment financing.
 14 (1) Any urban renewal plan, as defined in section 11-3901,
 15 may contain a provision or be amended to contain a provision
 16 ~~providing that taxes levied on taxable property in an urban~~
 17 ~~renewal area each year by or for the benefit of the state,~~
 18 ~~any city, county, or other political subdivisions for which~~
 19 ~~taxes are levied (hereafter referred to as taxing bodies)~~
 20 ~~shall be allocated, after the effective date of such~~
 21 ~~provision as provided in subsections (3) and (4) of this~~
 22 ~~section for the segregation and application of tax~~
 23 ~~increments, as provided in this section, EXCEPT THAT TAXES~~
 24 ~~FOR THE PAYMENT OF ALL BONDS OF EACH TAXING BODY OTHER THAN~~
 25 ~~TAX INCREMENT BONDS AUTHORIZED IN THIS CHAPTER~~ must be

1 levied against all taxable property within the taxing body
 2 without limitation by the provisions of this section. TAXES
 3 FOR THE PAYMENT OF TAX INCREMENT BONDS MUST BE LEVIED ONLY
 4 AGAINST THE TAXABLE PROPERTY WITHIN THE URBAN RENEWAL AREA.

5 ~~(2) For the purposes of this section, (a) "prior~~
 6 ~~assessed value" means the assessed value of the taxable~~
 7 ~~property in the urban renewal area as shown on the~~
 8 ~~assessment roll last equalized prior to the effective date~~
 9 ~~of the urban renewal plan notwithstanding the provisions of~~
 10 ~~this act any increase resulting from a comprehensive~~
 11 ~~revaluation of all property within the county may be applied~~
 12 ~~to the property for the purpose of determining the "prior~~
 13 ~~assessed value";~~

14 ~~(b) the word "taxes" includes, but is not limited to,~~
 15 ~~all levies on an ad valorem basis upon land or real~~
 16 ~~property;~~

17 ~~(3) The portion of taxes produced by levies for a~~
 18 ~~taxing body upon the total sum of the prior assessed value~~
 19 ~~of the taxable property in the urban renewal area shall be~~
 20 ~~allocated and paid into the funds of the taxing body like~~
 21 ~~taxes paid by or for the taxing body on all other property~~
 22 ~~for the purpose of allocating taxes levied by a taxing body~~
 23 ~~that did not include the urban renewal area on the effective~~
 24 ~~date of the provision allocating the taxes but to which the~~
 25 ~~urban renewal area has since been annexed or otherwise~~

1 included the assessment roll of the county last equalized
2 prior to the effective date of the provision shall be used
3 in determining the prior assessed values

4 (4) The portion of taxes levied by such taxing body
5 each year in excess of the amount levied under subsection
6 (3) shall be paid by the county treasurer into a special
7 fund held by the city treasurer to pay the principal and
8 interest on bonds issued under authority of section 11-3910,
9 except that taxes for the payment of all bonds and interest
10 of each taxing body must be levied against all taxable
11 property within the taxing body without limitation by the
12 provisions of this subsection. Until the actual assessed
13 valuation of all property in the urban renewal area exceeds
14 the prior assessed value of all taxable property within such
15 area, the actual assessed value of all property shall be
16 used for taxation purposes.

17 (5) The portion of taxes allocated in subsection (4)
18 above and the special fund into which they are paid may be
19 pledged by a municipality for the payment of the principal
20 and interest on bonds issued under the authority of section
21 11-3910, or bonded indebtedness incurred by a municipality
22 to refinance in whole or in part the urban renewal projects
23 prior to the sale of any bonds; there shall be (a) an
24 election under sections 11-2308 and 11-2309 approving such
25 sale or (b) a petition for the sale signed by the owners of

1 record of at least fifty-one percent (51%) of the land
2 within the urban renewal districts

3 (6) After all bonds and interest have been paid, all
4 monies received from taxes upon property within the urban
5 renewal area shall be allocated as taxes on all other
6 property.

7 (2) For purposes of this section the following
8 definitions apply unless otherwise provided or indicated by
9 the context:

10 (a) "Original taxable value" means the taxable value
11 of all taxable property within an urban renewal area as
12 calculated from the assessment roll last equalized prior to
13 the effective date of a tax increment financing provision.

14 (b) "Actual taxable value" means the taxable value of
15 all taxable property within an urban renewal area as
16 calculated from the assessment roll last equalized.

17 (c) "Incremental taxable value" means the amount, if
18 any, by which the actual taxable value exceeds the original
19 taxable value of all taxable property within an urban
20 renewal area.

21 (d) "Tax increment" means the collections realized
22 from extending the tax levies, expressed in mills, of all
23 taxing bodies in which the urban renewal area or a part
24 thereof is located against the incremental taxable value.

25 (E) "TAX INCREMENT PROVISION" MEANS A PROVISION FOR

1 taxing body the original, actual, and incremental taxable
 2 value of such property. Each year thereafter the officers
 3 shall calculate and certify to the affected taxing bodies
 4 the actual taxable value and the incremental taxable value
 5 of the taxable property located within the urban renewal
 6 area.
 7 (4) Mill rates of taxing bodies for taxes levied after
 8 the effective date of the TAX INCREMENT PROVISION for the
 9 segregation and application of tax increments shall be
 10 calculated on the basis of the sum of the taxable values as
 11 shown by the last equalized assessment roll of all taxable
 12 property located outside the urban renewal area and the
 13 original taxable value of all taxable property located
 14 within the urban renewal area. The mill rate so determined
 15 shall be extended LEVIED against the sum of the ACTUAL
 16 taxable values as shown by the last equalized assessment
 17 roll of all taxable property located WITHIN AS WELL AS
 18 outside the urban renewal area and the actual taxable value
 19 of all taxable property located within the urban renewal
 20 area. The tax increment, if any, received in each year from
 21 the extension LEVY of the combined mill rates of all the
 22 affected taxing bodies against the incremental taxable value
 23 WITHIN THE URBAN RENEWAL AREA shall be paid to the INTO A
 24 SPECIAL FUND HELD BY THE TREASURER OF THE MUNICIPALITY and
 25 used as provided in this section. The balance of the taxes

1 THE SEGREGATION AND APPLICATION OF TAX INCREMENT AS
 2 AUTHORIZED BY THIS SECTION.
 3 (a) "Taxes" mean all taxes levied by a taxing body
 4 against property on an ad valorem basis.
 5 (b) "Taxing body" means any city, town, county,
 6 SCHOOL DISTRICT, or other political subdivision or
 7 governmental unit of the state, INCLUDING THE STATE, which
 8 levies taxes against property within the urban renewal area.
 9 (3) The clerk of the municipality shall file a
 10 certified copy of the each urban renewal plan or amendment
 11 thereto setting forth the provision for the segregation and
 12 application of tax increments CONTAINING A TAX INCREMENT
 13 PROVISION with the state, county or city officers
 14 responsible for assessing and determining the taxable value
 15 of taxable property of taxing bodies within which the urban
 16 renewal area or a ANY part thereof is located. A certified
 17 copy of the plan or amendment shall also be filed with the
 18 clerk OR OTHER APPROPRIATE OFFICER of all each of the
 19 affected taxing bodies. The officer or officers responsible
 20 for assessing and determining the taxable value of the
 21 taxable property located within the urban renewal area
 22 shall, immediately upon receipt of the TAX INCREMENT
 23 provision for the segregation and application of tax
 24 increments AND EACH YEAR THEREAFTER, calculate and certify
 25 REPORT to each THE MUNICIPALITY AND TO ANY OTHER affected

1 collected in each year shall be paid to each of the taxing
2 bodies as otherwise provided by law.

3 (5) The tax increments may be used by the municipality
4 to pay costs--of THE FOLLOWING COSTS OF OR INCURRED IN
5 CONNECTION WITH AN URBAN RENEWAL PROJECT: land acquisition;
6 demolition and removal of structures; relocation of
7 occupants; and the acquisition, construction, and
8 improvement of streets, curbs, gutters, sidewalks,
9 pedestrian malls, alleys, parking lots and ramps ~~OFF-STREET~~
10 ~~PARKING FACILITIES, sewers, waterlines, waterways, public~~
11 ~~buildings, and other public improvements authorized by Title~~
12 ~~11, chapter 22, AND ITEMS OF PERSONAL PROPERTY TO BE USED IN~~
13 ~~CONNECTION WITH IMPROVEMENTS FOR WHICH THE FOREGOING COSTS~~
14 ~~MAY BE INCURRED; or THE TAX INCREMENT may be pledged to the~~
15 ~~payment of the principal OF PREMIUMS, IF ANY, and interest~~
16 ~~on bonds which the municipality may issue for such purposes~~
17 ~~pursuant to 11-3910 FOR THE PURPOSE OF PROVIDING BONDS TO~~
18 ~~PAY SUCH COSTS. The municipality may also enter into~~
19 ~~agreements with the other affected taxing bodies to remit to~~
20 ~~such taxing bodies that ANY portion of the annual tax~~
21 ~~increment not currently required for the payment of such~~
22 ~~costs or pledged to the payment of the principal OF~~
23 ~~PREMIUMS, IF ANY, and interest on such bonds.~~

24 (6) At the time of adoption of a TAX INCREMENT
25 provision ~~for--the--segregation--and--application--of--tax~~

1 increments or at any time subsequent thereto, the governing
2 body of the municipality may provide that only a portion of
3 the TAX INCREMENT FROM THE incremental taxable value may
4 SHALL be segregated as provided in subsections (3) and (4)
5 of this section. The portion so determined shall be
6 certified REPORTED by the clerk to the officers and taxing
7 bodies to which the INCREMENT provision ~~for--segregation--and~~
8 ~~application--of--tax--increments~~ is certified REPORTED.
9 Thereafter, in determining the mill rates of affected taxing
10 bodies, the taxable values against which the mill rates are
11 extended LEVIED, and the tax increment to be paid to the
12 municipality, the original taxable value shall be increased
13 and the incremental taxable value shall be decreased.

14 (7) The TAX INCREMENT provision ~~for--segregation--and~~
15 ~~application--of--tax--increments--within--an--urban--renewal--area~~
16 shall terminate upon the 10th year following its adoption or
17 upon the payment OR PROVISION FOR PAYMENT in full or
18 discharge of all bonds FOR WHICH THE TAX INCREMENT HAS BEEN
19 PLEDGED and the interest thereon ~~for--which--the--tax--increment~~
20 ~~has--been--pledged, whichever last occurs. Unless--otherwise~~
21 ~~provided--by--agreement--with--other--taxing--bodies, any--tax~~
22 ~~increments--remaining ANY AMOUNTS REMAINING IN THE SPECIAL~~
23 ~~FUND OR ANY RESERVE FUND after termination of the TAX~~
24 ~~INCREMENT provision for--segregation--and--application--of--tax~~
25 increments shall be available for general purposes of the

1 municipality DISTRIBUTED AMONG THE VARIOUS TAXING BODIES IN
2 PROPORTION TO THEIR PROPERTY TAX REVENUES FROM THE DISTRICT.
3 AFTER TERMINATION OF THE TAX INCREMENT PROVISION, ALL TAXES
4 SHALL BE LEVIED UPON THE ACTUAL TAXABLE VALUE OF THE TAXABLE
5 PROPERTY IN THE URBAN RENEWAL AREA, AND SHALL BE PAID INTO
6 THE FUNDS OF THE RESPECTIVE TAXING BODIES. NO BONDS WITH TAX
7 INCREMENT PROVISIONS FOR THE REPAYMENT THEREOF MAY BE ISSUED
8 SUBSEQUENT TO 10 YEARS AFTER THE EFFECTIVE DATE OF THIS
9 ACT."

10 Section 3. Effective date and transition. This act is
11 effective on its passage and approval. Any municipality
12 which adopted a provision for the allocation of taxes under
13 11-3921 prior to the effective date of this act may
14 implement and carry out such provision under this act.

15 Section 4. Repealer. Sections 11-3922, 11-3923,
16 11-3924, and 11-3925, R.C.M. 1947, are repealed.

-End-

HOUSE BILL NO. 595

INTRODUCED BY FAGG, RAMIREZ, PORTER,
MENAHAN, HARPER, FABREGA, WILLIAMS, HUENNEKENS

A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO URBAN
RENEWAL PROJECTS AND AUTHORIZING MEANS OF FINANCING COSTS
THEREOF THROUGH ISSUANCE OF BONDS AND SEGREGATION AND
APPLICATION OF TAX INCREMENT; AMENDING SECTIONS 79-3910 AND
79-3921, R.C.M. 1947; REPEALING SECTIONS 79-3922, 79-3923,
79-3924, AND 79-3925, R.C.M. 1947; AND PROVIDING AN 11-3910
AND 11-3921, R.C.M. 1947; REPEALING SECTIONS 11-3922,
11-3923, 11-3924, AND 11-3925, R.C.M. 1947; AND PROVIDING AN
IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 11-3910, R.C.M. 1947, is amended to
read as follows:

"11-3910. Issuance of bonds. (a) A municipality shall
have the power to issue bonds from time to time in its
discretion to finance the undertaking of any urban renewal
project under this act, including, without limiting the
generality thereof, the payment of principal and interest
upon any advances for surveys and plans for urban renewal
projects, and shall also have power to issue refunding bonds
for the payment or retirement of such bonds previously

issued by it. Such bonds shall not pledge the general credit
of the municipality and shall be made payable, as to both
principal and interest, solely from the income, proceeds,
revenues, and funds of the municipality derived from, or
held in connection with, its undertaking and carrying out of
urban renewal projects under this act, including the tax
increments INCREMENT received and pledged by the
municipality pursuant to 11-3921; provided, however, that
payment of such bonds, both as to principal and interest,
may be further secured by a pledge of any loan, grant, or
contribution from the federal government or other source, in
aid of any urban renewal projects of the municipality under
this act.

(b) Bonds issued under this section shall not
constitute an indebtedness within the meaning of any
constitutional or statutory debt limitation or restriction,
and shall be subject only to the provisions of the Uniform
Commercial Code and the limitations of this chapter. Bonds
issued under the provisions of this act are declared to be
issued for an essential public and governmental purpose,
and, together with interest thereon and income therefrom,
shall be exempted from all taxes.

(c) Bonds issued under this section shall be
authorized by resolution or ordinance of the local governing
body and may be issued in one or more series and shall bear

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AND SENATE

1 such date or dates, be payable upon demand or mature at such
 2 time or times, bear interest at such rate or rates not
 3 exceeding 9% a year, be in such denomination or
 4 denominations, be in such form either coupon or registered,
 5 carry such conversion or registration privileges, have such
 6 rank or priority, be executed in such manner, be payable in
 7 such medium of payment, at such place or places, and be
 8 subject to such terms of redemption (with or without
 9 premium), be secured in such manner, and have such other
 10 characteristics, as may be provided by such resolution,
 11 ORDINANCE, or trust indenture or mortgage ~~issued~~ AUTHORIZED
 12 pursuant thereto.

13 (d) Such bonds may be sold at not less than
 14 ninety-eight per cent (98%) of par at public or private
 15 sale, or may be exchanged for other bonds on the basis of
 16 par: Provided, that such bonds may be sold to the federal
 17 government at private sale at not less than par and, in the
 18 event less than all of the authorized principal amount of
 19 such bonds is sold to the federal government, the balance
 20 may be sold at public or private sale at not less than
 21 ninety-eight per cent (98%) of par at an interest cost to
 22 the municipality of not to exceed the interest cost to the
 23 municipality of the portion of the bonds sold to the federal
 24 government.

25 (e) In case any of the public officials of the

1 municipality whose signatures appear on any bonds or coupons
 2 issued under this act shall cease to be such officials
 3 before the delivery of such bonds, such signatures shall,
 4 nevertheless, be valid and sufficient for all purposes, the
 5 same as if such officials had remained in office until such
 6 delivery. Any provision of any law to the contrary
 7 notwithstanding, any bonds issued pursuant to this act shall
 8 be fully negotiable.

9 (f) In any suit, action, or proceeding involving the
 10 validity or enforceability of any bond issued under this act
 11 or the security therefor, any such bond reciting in
 12 substance that it has been issued by the municipality in
 13 connection with an urban renewal project, as herein defined,
 14 shall be conclusively deemed to have been issued for such
 15 purpose and such project shall be conclusively deemed to
 16 have been planned, located, and carried out in accordance
 17 with the provisions of this act.

18 (g) Bonds issued hereunder for which A tax increments
 19 INCREMENT are IS pledged pursuant to 11-3921 shall BE
 20 DESIGNED TO mature not later than 25 years from their date
 21 of issue and shall mature in such years and amounts that the
 22 principal and interest due on the bonds in each year does
 23 SHALL not exceed the ESTIMATED tax increments INCREMENT and
 24 other ESTIMATED revenues, including proceeds of the bonds
 25 available for payment of interest thereon, pledged to their

1 ~~payment to be received in such year, as estimated by the~~ THE
 2 ~~governing body in the resolution OR ORDINANCE authorizing~~
 3 ~~the bonds SHALL DETERMINE THE ESTIMATED TAX INCREMENT AND~~
 4 ~~OTHER REVENUES, IF ANY, FOR EACH YEAR THE BONDS ARE TO BE~~
 5 ~~OUTSTANDING. In calculating the cost under 11-3921(5) for~~
 6 ~~which the bonds are issued, the municipality may include an~~
 7 ~~amount sufficient to pay interest on the bonds prior to~~
 8 ~~receipt of tax increments INCREMENT pledged and sufficient~~
 9 ~~for the payment thereof, AND TO FUND ANY RESERVE FUND IN~~
 10 ~~RESPECT OF THE BONDS."~~

11 Section 2. Section 11-3921, R.C.M. 1947, is amended to
 12 read as follows:

13 "11-3921. ~~Allocation of taxes~~ Tax increment financing.

14 (1) Any urban renewal plan, as defined in section 11-3901,
 15 may contain a provision or be amended to contain a provision
 16 ~~providing that taxes levied on taxable property in an urban~~
 17 ~~renewal area each year by or for the benefit of the state or~~
 18 ~~any city, county, or other political subdivisions for which~~
 19 ~~taxes are levied, (hereafter referred to as taxing bodies)~~
 20 ~~shall be allocated, after the effective date of such~~
 21 ~~provision as provided in subsections (3) and (4) of this~~
 22 ~~section for the segregation and application of tax~~
 23 ~~increment, as provided in this section, EXCEPT THAT,~~
 24 ~~PROPERTY TAXES FOR THE PAYMENT OF ALL BONDS OF EACH TAXING~~
 25 ~~BODY OTHER THAN TAX INCREMENT BONDS AUTHORIZED IN THIS~~

1 CHAPTER MUST BE LEVIED AGAINST ALL TAXABLE PROPERTY WITHIN
 2 THE TAXING BODY WITHOUT LIMITATION BY THE PROVISIONS OF THIS
 3 SECTION. ~~TAXES FOR THE PAYMENT OF TAX INCREMENT BONDS MUST~~
 4 ~~BE LEVIED ONLY AGAINST THE TAXABLE PROPERTY WITHIN THE URBAN~~
 5 ~~RENEWAL AREA. NO PROPERTY TAXES, EXCEPT THE TAX INCREMENT~~
 6 ~~DERIVED FROM PROPERTY WITHIN THE URBAN RENEWAL AREA, MAY BE~~
 7 ~~APPLIED TO THE PAYMENT OF BONDS ISSUED PURSUANT TO SECTION~~
 8 ~~11-3910 FOR WHICH A TAX INCREMENT HAS BEEN PLEDGED.~~

9 (2) ~~For the purposes of this section, (a) "prior~~
 10 ~~assessed value" means the assessed value of the taxable~~
 11 ~~property in the urban renewal area as shown on the~~
 12 ~~assessment roll last equalized prior to the effective date~~
 13 ~~of the urban renewal plan notwithstanding the provisions of~~
 14 ~~this act; any increase resulting from a comprehensive~~
 15 ~~revaluation of all property within the county may be applied~~
 16 ~~to the property for the purpose of determining the "prior~~
 17 ~~assessed value";~~

18 (b) ~~the word "taxes" includes but is not limited to~~
 19 ~~all levies on an ad valorem basis upon land or real~~
 20 ~~property;~~

21 (3) ~~The portion of taxes produced by levies for a~~
 22 ~~taxing body upon the total sum of the prior assessed value~~
 23 ~~of the taxable property in the urban renewal area shall be~~
 24 ~~allocated and paid into the funds of the taxing body like~~
 25 ~~taxes paid by or for the taxing body on all other property;~~

1 For the purpose of allocating taxes levied by a taxing body
 2 that did not include the urban renewal area on the effective
 3 date of the provision allocating the taxes but to which the
 4 urban renewal area has since been annexed or otherwise
 5 included, the assessment roll of the county last equalized
 6 prior to the effective date of the provision shall be used
 7 in determining the prior assessed values.

8 {4} The portion of taxes levied by such taxing body
 9 each year in excess of the amount levied under subsection
 10 {3} shall be paid by the county treasurer into a special
 11 fund held by the city treasurer to pay the principal and
 12 interest on bonds issued under authority of section 11-3918,
 13 except that taxes for the payment of all bonds and interest
 14 of each taxing body must be levied against all taxable
 15 property within the taxing body without limitation by the
 16 provisions of this subsection. Until the actual assessed
 17 valuation of all property in the urban renewal area exceeds
 18 the prior assessed value of all taxable property within such
 19 area, the actual assessed value of all property shall be
 20 used for taxation purposes.

21 {5} The portion of taxes allocated in subsection {4}
 22 above, and the special fund into which they are paid, may be
 23 pledged by a municipality for the payment of the principal
 24 and interest on bonds issued under the authority of section
 25 11-3918, or bonded indebtedness incurred by a municipality

1 to refinance in whole or in part the urban renewal projects
 2 prior to the sale of any bonds, there shall be (a) an
 3 election under sections 11-2308 and 11-2309 approving such
 4 sale, or (b) a petition for the sale signed by the owners of
 5 record of at least fifty-one percent (51%) of the land
 6 within the urban renewal district.

7 {6} After all bonds and interest have been paid, all
 8 monies received from taxes upon property within the urban
 9 renewal area shall be allocated as taxes on all other
 10 property.

11 (2) For purposes of this section the following
 12 definitions apply unless otherwise provided or indicated by
 13 the context:

14 (a) "Original taxable value" means the taxable value
 15 of all taxable property within an urban renewal area as
 16 calculated from the assessment roll last equalized prior to
 17 the effective date of a tax increment financing provision.

18 (b) "Actual taxable value" means the taxable value of
 19 all taxable property within an urban renewal area as
 20 calculated from the assessment roll last equalized.

21 (c) "Incremental taxable value" means the amount, if
 22 any, by which the actual taxable value exceeds the original
 23 taxable value of all taxable property within an urban
 24 renewal area.

25 (d) "Tax increment" means the collections realized

1 from extending the tax levies, expressed in mills, of all
2 taxing bodies in which the urban renewal area or a part
3 thereof is located against the incremental taxable value.

4 (E) "TAX INCREMENT PROVISION" MEANS A PROVISION FOR
5 THE SEGREGATION AND APPLICATION OF TAX INCREMENT AS
6 AUTHORIZED BY THIS SECTION.

7 (F) "Taxes" mean all taxes levied by a taxing body
8 against property on an ad valorem basis.

9 (G) "Taxing body" means any city, town, county,
10 SCHOOL DISTRICT, or other political subdivision or
11 governmental unit of the state, INCLUDING THE STATE, which
12 levies taxes against property within the urban renewal area.

13 (2) The clerk of the municipality shall file a
14 certified copy of the EACH urban renewal plan or amendment
15 thereto ~~setting forth the provision for the segregation and~~
16 ~~application of tax increments~~ CONTAINING A TAX INCREMENT
17 PROVISION with the state, county or city officers
18 responsible for assessing and determining the taxable value
19 of taxable property ~~of taxing bodies~~ within which the urban
20 renewal area or a ANY part thereof is located. A certified
21 copy of the plan or amendment shall also be filed with the
22 clerk OR OTHER APPROPRIATE OFFICER of ~~each~~ EACH OF the
23 affected taxing bodies. The officer or officers responsible
24 for assessing and determining the taxable value of the
25 taxable property located within the urban renewal area

1 shall, immediately upon receipt of the TAX INCREMENT
2 provision ~~for the segregation and application of tax~~
3 ~~increments~~ AND EACH YEAR THEREAFTER, calculate and certify
4 REPORT to each THE MUNICIPALITY AND TO ANY OTHER affected
5 taxing body the original, ACTUAL, AND INCREMENTAL taxable
6 value of such property. ~~Each year thereafter the officers~~
7 ~~shall calculate and certify to the affected taxing bodies~~
8 ~~the actual taxable value and the incremental taxable value~~
9 ~~of the taxable property located within the urban renewal~~
10 ~~area~~

11 (4) Mill rates of taxing bodies for taxes levied after
12 the effective date of the TAX INCREMENT provision ~~for the~~
13 ~~segregation and application of tax increments~~ shall be
14 calculated on the basis of the sum of the taxable value, as
15 shown by the last equalized assessment roll, of all taxable
16 property located outside the urban renewal area and the
17 original taxable value of all taxable property located
18 within the urban renewal area. The mill rate so determined
19 shall be extended LEVIED against the sum of the ACTUAL
20 taxable values ~~as shown by the last equalized assessment~~
21 ~~roll~~ of all taxable property located WITHIN AS WELL AS
22 outside the urban renewal area ~~and the actual taxable value~~
23 ~~of all taxable property located within the urban renewal~~
24 ~~area~~. The tax increment, if any, received in each year from
25 the extension LEVY of the combined mill rates of all the

1 ~~affected taxing bodies against the incremental taxable value~~
 2 ~~WITHIN THE URBAN RENEWAL AREA shall be paid to--the INTD A~~
 3 ~~SPECIAL FUND HELD BY THE TREASURER OF THE municipality and~~
 4 ~~used as provided in this section. The balance of the taxes~~
 5 ~~collected in each year shall be paid to each of the taxing~~
 6 ~~bodies as otherwise provided by law.~~

7 ~~(5) The tax increments may be used by the municipality~~
 8 ~~to pay costs of THE FOLLOWING COSTS OF OR INCURRED IN~~
 9 ~~CONNECTION WITH AN URBAN RENEWAL PROJECT: land acquisition;~~
 10 ~~demolition and removal of structures; relocation of~~
 11 ~~occupants; and the acquisition, construction, and~~
 12 ~~improvement of streets, curbs, gutters, sidewalks,~~
 13 ~~pedestrian malls, alleys, parking lots and ramps OFF-STREET~~
 14 ~~PARKING FACILITIES, sewers, waterlines, waterways, public~~
 15 ~~buildings, and other public improvements authorized by Title~~
 16 ~~11, chapter 22, AND ITEMS OF PERSONAL PROPERTY TO BE USED IN~~
 17 ~~CONNECTION WITH IMPROVEMENTS FOR WHICH THE FOREGOING COSTS~~
 18 ~~MAY BE INCURRED; or THE TAX INCREMENT may be pledged to the~~
 19 ~~payment of the principal OF PREMIUMS, IF ANY, and interest~~
 20 ~~on bonds which the municipality may issue for such purposes~~
 21 ~~pursuant to 11-3910 FOR THE PURPOSE OF PROVIDING BONDS FUNDS~~
 22 ~~TO PAY SUCH COSTS. The municipality may also enter into~~
 23 ~~agreements with the other affected taxing bodies to remit to~~
 24 ~~such taxing bodies that ANY portion of the annual tax~~
 25 ~~increment not currently required for the payment of such~~

1 ~~costs or pledged to the payment of the principal OF~~
 2 ~~PREMIUMS, IF ANY, and interest on such bonds.~~

3 ~~(6) At the time of adoption of a TAX INCREMENT~~
 4 ~~provision for--the--segregation--and--application--of--tax~~
 5 ~~increments or at any time subsequent thereto, the governing~~
 6 ~~body of the municipality may provide that only a portion of~~
 7 ~~the TAX INCREMENT FROM THE incremental taxable value may~~
 8 ~~SHALL be segregated as provided in subsections (3) and (4)~~
 9 ~~of this section. The portion so determined shall be~~
 10 ~~certified REPORTED by the clerk to the officers and taxing~~
 11 ~~bodies to which the INCREMENT provision for--segregation--and~~
 12 ~~application--of--tax--increments is certified REPORTED.~~
 13 ~~Thereafter, in determining the mill rates of affected taxing~~
 14 ~~bodies, the taxable values against which the mill rates are~~
 15 ~~extended LEVIED, and the tax increment to be paid to the~~
 16 ~~municipality, the original taxable value shall be increased~~
 17 ~~and the incremental taxable value shall be decreased.~~

18 ~~(7) The TAX INCREMENT provision for--segregation--and~~
 19 ~~application--of--tax--increments--within--an--urban--renewal--area~~
 20 ~~shall terminate upon the 10th year following its adoption or~~
 21 ~~upon the payment OR PROVISION FOR PAYMENT in full or~~
 22 ~~discharge of all bonds FOR WHICH THE TAX INCREMENT HAS BEEN~~
 23 ~~PLEDGED and the interest thereon for--which--the--tax--increment~~
 24 ~~has--been--pledged, whichever last occurs. Unless--otherwise~~
 25 ~~provided--by--agreement--with--other--taxing--bodies--any--tax~~

1 ~~increments-remaining~~ ANY AMOUNTS REMAINING IN THE SPECIAL
 2 FUND OR ANY RESERVE FUND after termination of the TAX
 3 INCREMENT provision ~~for-segregation-and-application-of-tax~~
 4 ~~increments~~ shall be ~~available-for-general-purposes-of-the~~
 5 ~~municipality~~ DISTRIBUTED AMONG THE VARIOUS TAXING BODIES IN
 6 PROPORTION TO THEIR PROPERTY TAX REVENUES FROM THE DISTRICT.
 7 AFTER TERMINATION OF THE TAX INCREMENT PROVISION, ALL TAXES
 8 SHALL BE LEVIED UPON THE ACTUAL TAXABLE VALUE OF THE TAXABLE
 9 PROPERTY IN THE URBAN RENEWAL AREA, AND SHALL BE PAID INTO
 10 THE FUNDS OF THE RESPECTIVE TAXING BODIES. NO BONDS WITH TAX
 11 INCREMENT PROVISIONS FOR THE REPAYMENT THEREOF MAY BE ISSUED
 12 SUBSEQUENT TO 10 YEARS AFTER THE EFFECTIVE DATE OF THIS
 13 ACT."

14 Section 3. Effective date and transition. This act is
 15 effective on its passage and approval. Any municipality
 16 which adopted a provision for the allocation of taxes under
 17 11-3921 prior to the effective date of this act may
 18 implement and carry out such provision under this act.

19 Section 4. Repealer. Sections 11-3922, 11-3923,
 20 11-3924, and 11-3925, R.C.M. 1947, are repealed.

-End-